Supplier Evaluation Procedure

Company: Honest Steel FZCO

Scope: Procurement & Evaluation of Structural Steel Suppliers (Mills & Stockists)

Document Ref: SOP-PRC-002

1. Objective

To ensure that all structural steel suppliers (beams, columns, plates, pipes) consistently meet Honest Steel FZCO's quality standards, regulatory compliance, and delivery timelines.

2. Evaluation Process Steps

1.1. Supplier Screening & Onboarding:

Collect baseline documents from the prospective steel mill or trader:

- ISO 9001 Quality Management Certification
- Mill Test Certificates (MTCs) compliance with relevant standards (e.g., EN 10204 3.1 / ASTM / BS)
- Company Profile & Track Record in the steel industry

2.2. Initial Trial Order:

- Place a small trial order or sample batch.
- Inspect incoming material for dimensional tolerances, surface finish, heat/batch markings, and verify MTC authenticity against physical spectrometer/test results if required.

3.3. Periodic Performance Scoring (KPIs):

Evaluate approved suppliers annually or bi-annually based on four key metrics:

- **Quality (40%):** Conformance to specifications, zero rejections, correct MTC documentation.
- **Delivery Timeliness (30%):** On-time delivery to yard or port as per Purchase Order (PO) terms.
- **Commercial Competitiveness (20%):** Pricing stability, payment terms, and market responsiveness.

- **Customer Service & Communication (10%):** Responsiveness to inquiries, claim settlements, and technical support.

4.4. Supplier Classification & Approval:

Based on the total score (out of 100%), categorize the supplier:

- **Preferred / Approved (Score ≥ 80%):** Eligible for regular and large-scale steel procurement.
- **Conditional (Score 60%–79%):** Placed on a 6-month watch list with corrective action requests.
- **Blocked / Disqualified (Score < 60%):** Removed from the Approved Vendor list